

REPORT DIGEST

**DEPARTMENT OF
CORRECTIONS -
CORRECTIONAL
INDUSTRIES**

FINANCIAL AUDIT
For the One Year Ended:
June 30, 1997

Release Date:



State of Illinois
Office of the Auditor General

WILLIAM G. HOLLAND
AUDITOR GENERAL

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INTRODUCTION

This is the financial audit of the Correctional Industries, a component of the adult division of the Illinois Department of Corrections. Correctional Industries operates manufacturing, service and agricultural industries within the adult correctional centers. Its purpose is to replicate a free world work environment to the greatest extent possible, while operating within a budget that does not exceed income, maximizing the number of inmate assignments, and providing customers quality goods and services at a competitive price.

Our audit was performed for the purpose of expressing an opinion on the financial statements of the Correctional Industries. A compliance audit will be performed for the two years ending June 30, 1998.

AUDITOR'S OPINION

Our auditors state that the June 30, 1997 financial statements for the Correctional Industries are fairly presented.

WILLIAM G. HOLLAND, Auditor General

WGH:JHL:pp

{Expenditures and Activity Measures are summarized on the next page.}

ILLINOIS DEPARTMENT OF CORRECTIONS
CORRECTIONAL INDUSTRIES
FINANCIAL AUDIT
FOR THE PERIOD ENDED JUNE 30, 1997

OPERATING STATISTICS	FY 1997	FY 1996	FY 1995?
! Net Sales.....	\$42,648,751	\$40,748,324	\$40,148,388
! Cost of Sales.....	<u>35,822,557</u>	<u>36,829,830</u>	<u>36,239,926</u>
! Gross Profit.....	\$6,826,194	\$3,918,494	\$3,908,462
Selling, General and Administrative Expenditures.....	<u>4,955,137</u>	<u>4,817,543</u>	<u>4,459,178</u>
Operating Profit (Loss).....	\$1,871,057	\$(899,049)	\$(550,716)
Other, Net.....	<u>37,923</u>	<u>4,267</u>	<u>16,318</u>
! Net Income (Loss).....	\$1,908,980	\$(894,782)	\$(534,398)
Beginning Retained Earnings.....	<u>14,126,428</u>	<u>*15,021,210</u>	<u>15,668,610</u>
! Ending Retained Earnings	<u>\$16,035,408</u>	<u>\$14,126,428</u>	<u>\$15,134,212</u>
<i>* As restated</i>			
KEY BALANCE SHEET ACCOUNTS, AS OF JUNE 30,	1997	1996	1995
Accounts Receivable.....	\$5,591,418	\$6,527,297	\$7,077,526
Inventories.....	\$10,065,511	\$10,969,827	\$10,489,815
Property, Equipment and Livestock, Net of Depreciation.....	\$8,439,205	\$8,829,080	\$8,428,802

CORRECTIONAL INDUSTRIES' CHIEF ADMINISTRATIVE OFFICER

During Audit Period and Currently: Ronald L. Parish

